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REGIONAL SPECIALIZATION

**THE MIDDLE AMERICAS:
MEXICO, PANAMA, CENTRAL AMERICA and the
CARIBBEAN BASIN**

CORE COURSE 5604

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THE GEOSTRATEGIC CONTEXT

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Introduction

Historically the United States (US) paid attention to the neighborhood to its south only in a crisis or when convenient. Generally viewed as lagging in efforts to develop stable governments and self-sustaining economies, Mexico, Central America to include Panama and the Caribbean, henceforth Middle America, have in the last decade made progress in diversifying and opening up their economies to global competition while instituting democratic reforms. This progress has come at a price. Rapidly expanding urban populations foster socio-economic problems of violent crime, drug abuse, pollution, sources of emigration, subversion, terrorism, the potential for insurgency and *coup de etats*. Economic under-development widens the gap between the rich and the poor exacerbating illegal emigration to the US. Large migrations from Haiti and Cuba have been especially problematic.

The US policy into the 21st Century should nurture regional stability and sustain economic growth. Stability and higher standards of living are pursued as a prophylaxis against uncontrolled migration and as a solution for securing viable trading partners and security allies.

US National Interests

Middle America does not currently represent significant threats to the security of the United States. Accordingly the US presently has no vital interests in the area which require military attention. The US does have major and peripheral interests of maintaining stability throughout the region in order to enhance our security and promote prosperity within the US.

The top four challenges to our security are those posed by massive northward flow of refugees, particularly from Mexico, the continued growth of transnational crime, disruption of

trade, and degradation of the ecosystem. From a policy formulation standpoint, these priorities are incorporated into the objectives of maintaining stability, economic growth, and promotion of democracy.

The *National Security Strategy of Engagement and Enlargement*, the North American Free Trade Agreement (NAFTA), US actions at the Miami Summit of the Americas, and the strong US commitment to a Free Trade Area of the Americas (FTAA) validate US policy as reflecting these interests and priorities. US policy aimed at stabilizing the region is continually demonstrated in our actions in supporting Mexico during its 1994 financial crisis, assisting with the collaborative effort to diffuse the Peru-Ecuador border dispute, in reestablishing the government in Haiti, and through our ongoing pressure against the repressive government of Cuba

Context

Potential US actions must be crafted considering the context in which they will be applied. The region appears to be in better shape than it has been for years. All countries in Middle America, with the exception of Cuba, have popularly elected governments and are moving toward market economies. There is an aversion to using military force to settle disputes or for military leadership to assume national control. While this gives great hope, there are many issues associated with political and economic success.

Political. With the exception of Cuba, many of the fledgling democratic governments are struggling to establish legitimacy. Challenges range from a periodic crisis in previously long stable polities like that in Mexico, to major upheavals in new democracies such as Haiti and Nicaragua. Many countries find it difficult to overcome “presidentialism” or rule by decree while establishing

judiciaries and constabularies free of corruption that are able to sustain the rule of law. Leadership successions often result in periods of uncertainty and instability where the military all too often plays a major role. Patronage systems using co-optation of constituencies have created weak congresses and bureaucracies prone to corruption. Governments are increasingly unresponsive to the newly literate but urban poor populations.

Economic. Middle America is committed, out of necessity, to moving away from state-owned, heavily subsidized, protected economies to free market competitive ones. NAFTA is an example of this commitment both within and among the participants providing a stable integrating force in the region.

Saddled with high inflation, over-valued currencies, inadequate internal and foreign investment, and high debt to GDP ratios, this region accepted an ambitious regime of privatizing, opening markets to global competition, and removing state subsidies. Lowering tariffs to enjoin with global markets exposed inefficient and nascent companies to competition for which they were wholly unprepared. Removing subsidies too often meant no longer being able to meet payroll or other costs. Moreover, legal and financial infrastructures are either absent or unable to attract sufficient domestic or foreign investment depriving these fragile industries of resources necessary to modernize and expand.

Additionally, the labor force remains largely inflexible being unable to rapidly adapt to technological advances. When industry fails to absorb this largely unskilled labor force, unemployment places additional demands on government infrastructures providing more competition for resources. This picture is further complicated by the illicit narco-economy which detracts from economic progress, diverting tax revenues, and feeding corruption.

Social. Growing urban populations, unemployment, poverty, inadequate public services for health, and education are interrelated problems that require increased attention from the region's governments. Democratic values and free market institutions coupled with unprecedented access to global mass media have led to universally high expectations. One effect is population growth. Demographically, this results in a very large, youthful population which faces increased competition for resources e.g. public education, services and jobs. With their equally high expectations, these swelling ranks serve as a rich source of political and social activity. Already this mobile, dissatisfied population serves to advance the illegal drug industry, nationalist and liberal guerrilla movements, and to exacerbate environmental problems such as deforestation and pollution.

Cultural. The most significant feature of Middle American culture that bears on US action is widespread distrust of US intentions. US actions in the past have represented a general pattern of ignoring the region save for occasional military interventions in periods of convenience or crisis. This distrust coupled with *francasomania* and a *manana* attitude makes US-style nation building, coalition building, and policy execution difficult.

Military. Militaries also have a long tradition of protecting the extant government as their primary duty. Being focused on internal threats in the absence of external ones leads Middle American militaries to be less professional and more easily exploited by leaders who view an electoral challenge as a military mission. Down-sizing of the armed forces has done a great deal to ameliorate these negative aspects of the military culture but many services still chafe at the concept of civil control.

Critical Challenges and Threats to US Interests

While regional issues do not directly threaten US security, there are a number of threats to and opportunities for advancing our national interests

Regional Instability. The principal threat to US interests is uncontrolled migration resulting from instability. Likely manifestations of instability are economic decline, violent social unrest, or border disputes. Of major concern would be an economic failure or insurgency in Mexico with potentially millions of refugees making their way across the US border (one Pentagon study suggests up to 12 million in 60 days)(Kjonnroed). The US has already experienced the destabilizing effects of large migrations from Haiti and Cuba. Upheaval in Middle America would be a serious challenge for the US

Economic Growth and Development The US has an opportunity to enhance its economic prosperity through access to markets and expansion of US trade into the region. Alternately, denied trading access is a threat to our economic well-being. The market in the Middle Americas already rivals our current trade with Europe; the potential for continued growth is vast.

Access to natural resources in the region is also important to the US. Petroleum and strategic materials will remain key interests for the US now and in the future

Transnational Crime. Drugs, their impact on US the domestic scene, the corruption associated with drug money, and the illicit trafficking combine to make the transnational drug syndicates a scourge for the US and their unwilling host countries. Corruption, diversion of the legitimate work force, increased tension over sovereignty, illegal migration, and money laundering can have detrimental effects on host economies and international relations.

Other Threats. Environmental degradation, natural and manmade disasters, rising incidents of disease and the ripple effect of rapid population growth remain US concerns. Access to and through the Panama Canal has economic impacts and its continued operation is in the best interest of US world-wide trade.

US Objectives: Linking Ways Means and Ends

US objectives in Middle America fall into long-term and short-term categories. Both categories are designed to achieve regional stability and address threats. Relative to the other regions of the world, Middle America is relatively conflict free and imposes no immediate, security threat to the US but it should not be dismissed. Maintaining and enhancing stability allows the US to be more effective within the region but more importantly, elsewhere. Positive synergies evident in the area make achieving economic, political and security objectives possible. Our long-term economic objective is to secure Middle America as a regional market for the US and to establish trade patterns favorable to the Americas. Politically, the objective is to support the evolution of mature, representative governments which serve their peoples with regards for minority rights, rule of law, and equitable distribution of wealth and opportunity. The security objective entails preserving the existing bilateral agreements while creating collective security arrangement for the region.

The ways and means of achieving these objectives involves using the synergy already in play between economic development and political reform. Since US involvement in political reforms would be viewed as unwelcome meddling in sovereignty, the better approach would be to engage on the economic front where Middle America is more sanguine about US assistance. Modalities such as the International Development Bank, NAFTA, FTAA, and the World Trade

Organization as well as the individual interactions of private investors and industries serve as the principal instruments. The US should avoid attempting to achieve political reforms by linking such items as trade and human rights policies to performance goals. The Organization for American States (OAS) and sub-regional security coalitions will serve as the departure point for achieving the goal of collective security in the 21st Century.

In the short-term, achieving the US objective of regional stability centers upon engagement intent upon resolving issues associated with the region's hot spots, namely; Mexico, Haiti, and Cuba.

In Cuba, engagement means supporting change of governmental form or facilitating their ultimate integration into the regional economy; whichever is easier. Specific actions would be the revocation of Helms-Burton Act, opening trade and private economic development, and allowing the imperatives of a free market to work in Cuba. Democracy will come.

In Haiti, our objective is to sustain a viable democracy i.e. solidifying our gains while mitigating losses. As an economic and ecological disaster we must make maximum use of Non-Governmental Organizations (NGO's) to leverage limited US aid, and international investment. Contingency plans for military intervention under the auspices of the OAS with the capability to restore order is prudent.

Our approach to Mexico has to be one of constructive engagement. It is in our interest for Mexico to be a robust stable trading partner and a reliable security ally. We must continue to encourage trade and investment but realize that NAFTA's potential may be slow in developing. More important is the encouragement and enhancement of democratic institutions and rule of law. Those who reform should be supported either directly or through NGO's such as the

National Endowment for Democracy International Military Education and Training (IMET) Program, student exchange, and congressional exchange are representative techniques that can be used to inculcate their intelligentsia with democratic models and free market principles

Two other stabilizing actions that the US can take are to continue on minimize the permanent military footprint in the region and reduce the domestic demand for drugs

The Panama Canal Treaty of 1979 calls for elimination of US military presence in Panama by 1999. Arguing for continued military presence to secure the Canal for US use is insupportable and the treaty as it stands should be honored

Support for the President's 1997 drug policy should continue as is in the short term Demand reduction coupled with attacks on supply and distribution may reduce drug profits and its attendant ills. In the long-term, however, "the drug war" is a mission against a symptom rather than a cause causes which are multiple and different in the US and in the Middle American countries involved. Over time, progress in the political and economic objectives will have a greater contribution to solving this problem. The US will continue to lead and pay for this campaign

Toward the Future (the 21st Century)

As the US and our Middle American neighbors move into the 21 Century, we will witness a host of events many of which will disappoint in the short term and only pan out in the longer term. Economic recuperation will be slower than imagined and consequences will continue to be painful. NAFTA will stall in the face of fragile economies and incompatible political structures. Sub-regional integration initiatives such as the FTAA and the Central American Common Market will be the means by which progress will be secured Political instability in Mexico will continue

as economic growth and development challenges entrenched political institutions Mexico will muddle through Cuba will likely face a socio-economic crisis as the disparity in development between its neighbors begins to manifest itself in the extreme. The crises will be accelerated and punctuated by a transition from Castro's leadership.

The US strategy should continue to support democratization in the region through directed aid and assistance programs targeted at establishing institutions of accountability and fair representation The US, as a member in the OAS and UN, should be prepared to intervene militarily in cases where regional instability are expressed in the extreme e.g Haiti and a transitional Cuba. The US, however will bear the burden of leadership and cost.

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